

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices noticed range-bound to firm tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5850 per quintal compared to the previous week price of Rs.5818 per quintal. Average price of Lint at Sirsa during the week was Rs. 4352 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4328. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 41117 per candy (of 355.6 kg each) during the week, which was Rs 40983 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 1018.50 per maund (of 20 kg each) which was Rs 1020.50 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 5400-5900 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4100-4400 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 1000-1050 per maund (of 20 kg each).

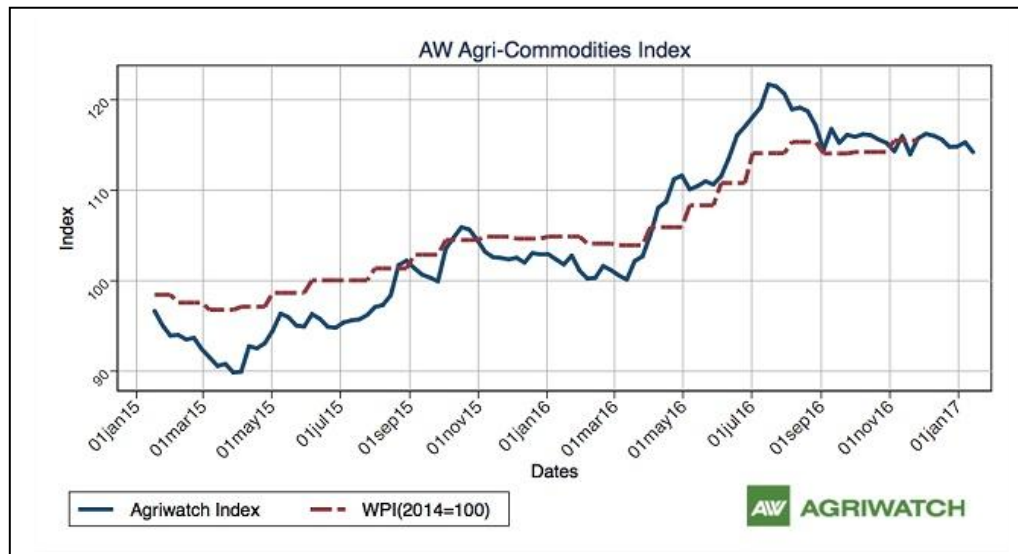
Major Market Highlights: In 2016 kharif season, all India cotton acreage was reported at 102.79 lakh hectares compared to 116.41 lakh hectares during the previous season losing around 20 per cent area to pulses. The Centre had also asked the farmers not to sow cotton in view of a very bad season in the previous year and some farmers kept away from cotton amid fear of poor performance of Bt Cotton. However it is likely to make a comeback in the upcoming kharif season as farmers have fetched good price for the crop. Prices touched around Rs.6000 -6500/ql levels in September 2016 compared to Rs.4000-4500/ql during the same corresponding period previous year. Farmers who shifted to pulses are likely to make a comeback to cotton following lower prices of pulses. According to industry sources, acreage under cotton is likely to increase by around 20 per cent this season. However the exact picture will be clear depending on south-west monsoon, availability of seeds and farmers awareness.

According to the Cotton Corporation Of India (CCI), producing contamination free cotton is the biggest duty for the country. Indian cotton is sold at discounted rates in comparison to equivalent foreign cotton. Contamination is mainly at farm level due to small land holdings by farmers, manual picking and different climatic conditions. Indian cotton is mostly contaminated with various foreign materials like jute twine, dust, plastic, fibre during handling at farm level and processing of cotton in ginning and pressing factories according to industry sources.

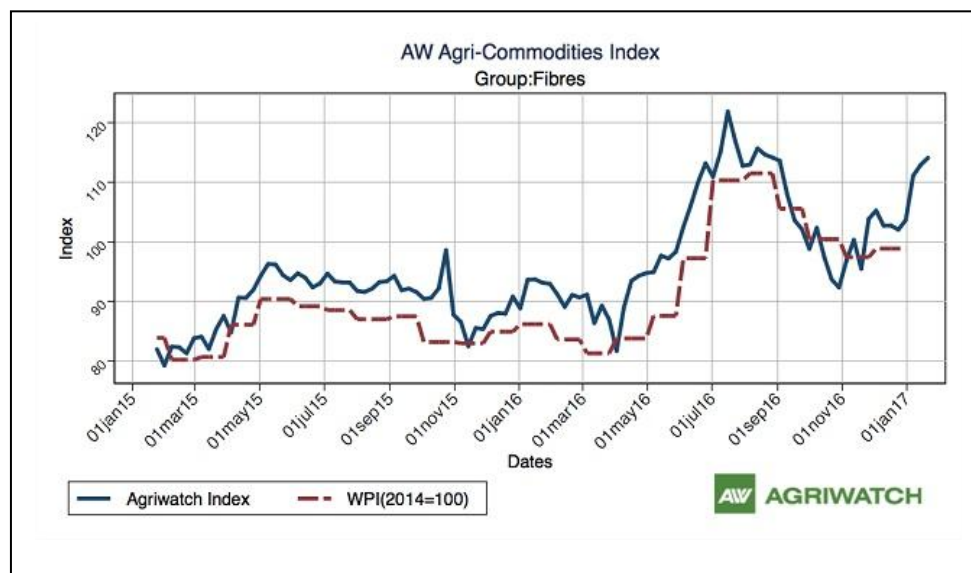
According to the latest estimates by the Cotton Association Of India, India is likely to produce 345 lakh bales cotton in 2016-17 compared to 338 lakh bales during the previous season. Improvement in productivity amid favourable weather condition in the cotton growing regions has supported the growth of the crop. Though the productivity of the country is below world average, government initiatives and scientific research will help to achieve the average productivity level soon.

AW Cotton Index – 22 Jan. 2017

The Agriwatch Agri Commodities Index gained 0.39% to 114.66 during the week ended Jan 21, 2017 from 114.21 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +1.07% week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Domestic Cotton Prices Scenario

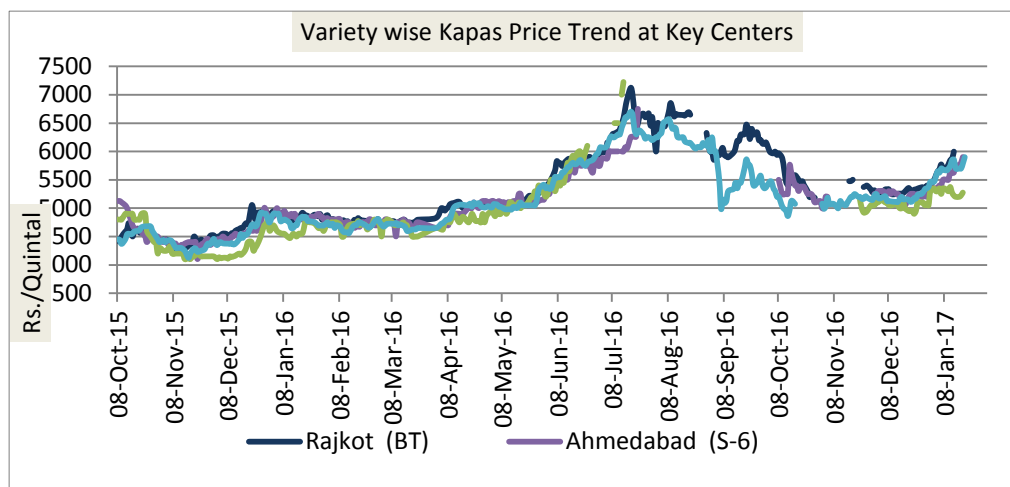
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week amid good demand in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5850 per quintal compared to the previous week price of Rs. 5818 per quintal.

According to latest USDA attaché report, India's 2016/17 cotton production forecast is 27.00 million

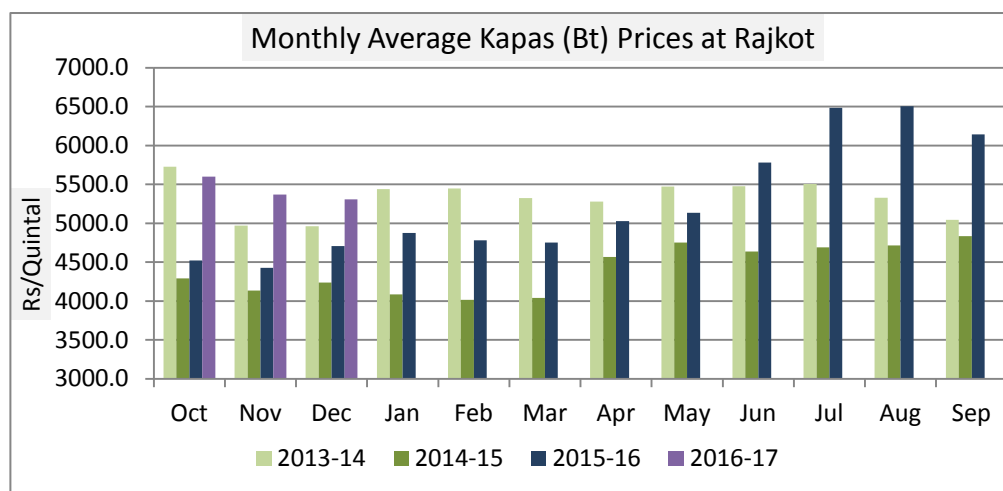
480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 5400-5900 per quintal for the coming week.



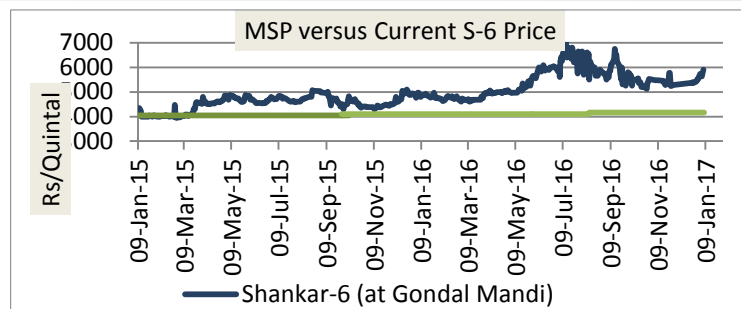
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed weak momentum during the month of December following new crop arrival in the market. The cotton price remained weak during December compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.



Spot Price versus MSP

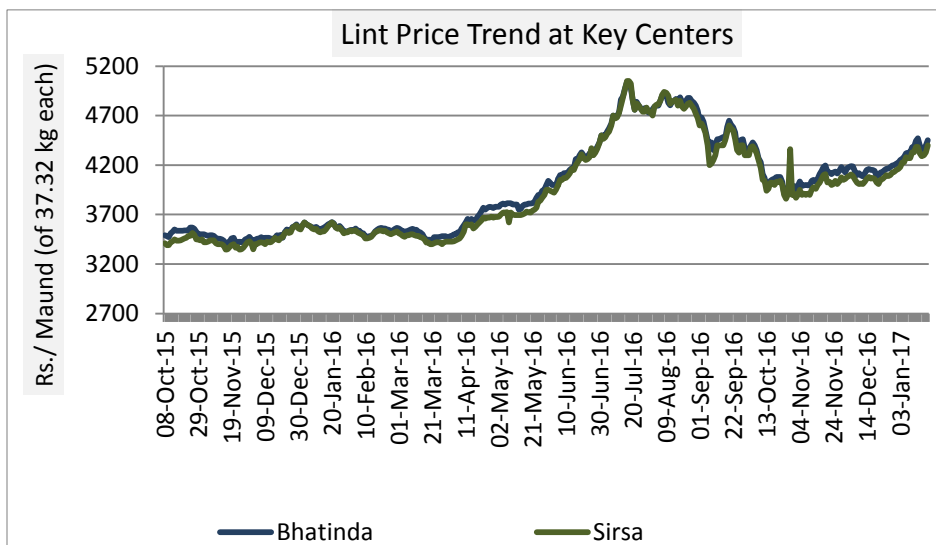
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs. 1697.50 this week compared to Rs 1522.50 a week earlier. This indicates prices are declining.



Lint (De-Seeded Cotton) Weekly Price Scenario

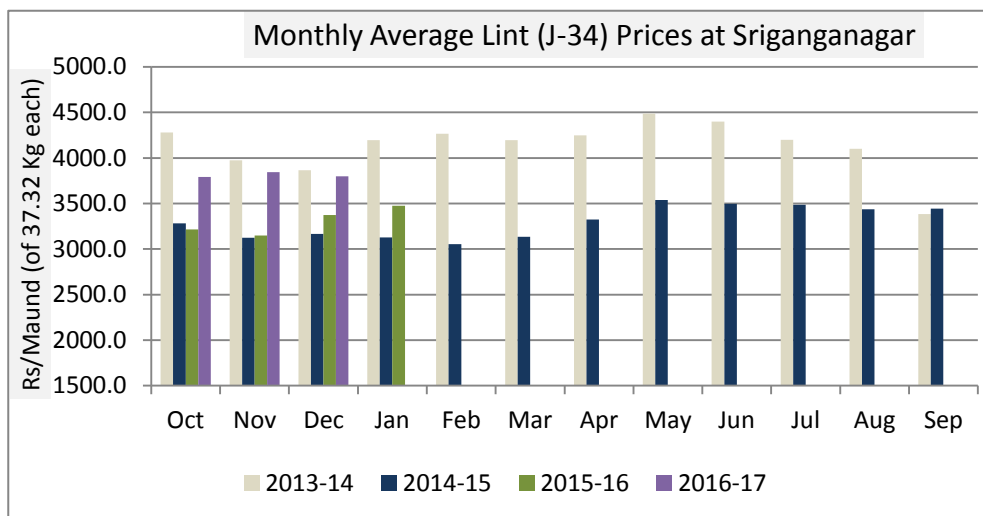
Weekly Price Review: Lint prices remained firm during the week owing to bullish sentiment prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4352 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4328 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to weak during the week. We expect Lint at Sirsa to remain in the range of Rs. 4100-4400 per maund.



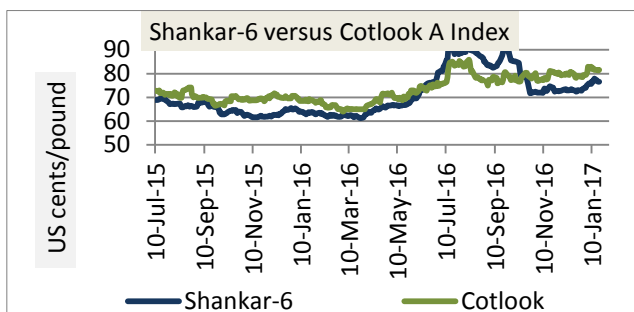
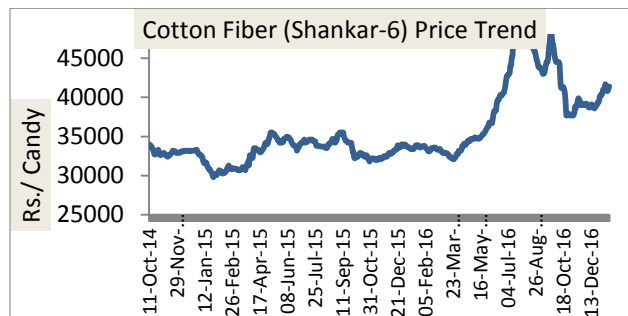
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in December was Rs.3797/Qtl compared to Rs.3844/Qtl in November.



Cotton Fiber Weekly Price Scenario

Following upward movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.41117 per candy (of 355.6 kg each) compared to Rs. 40983 per candy in the previous week.

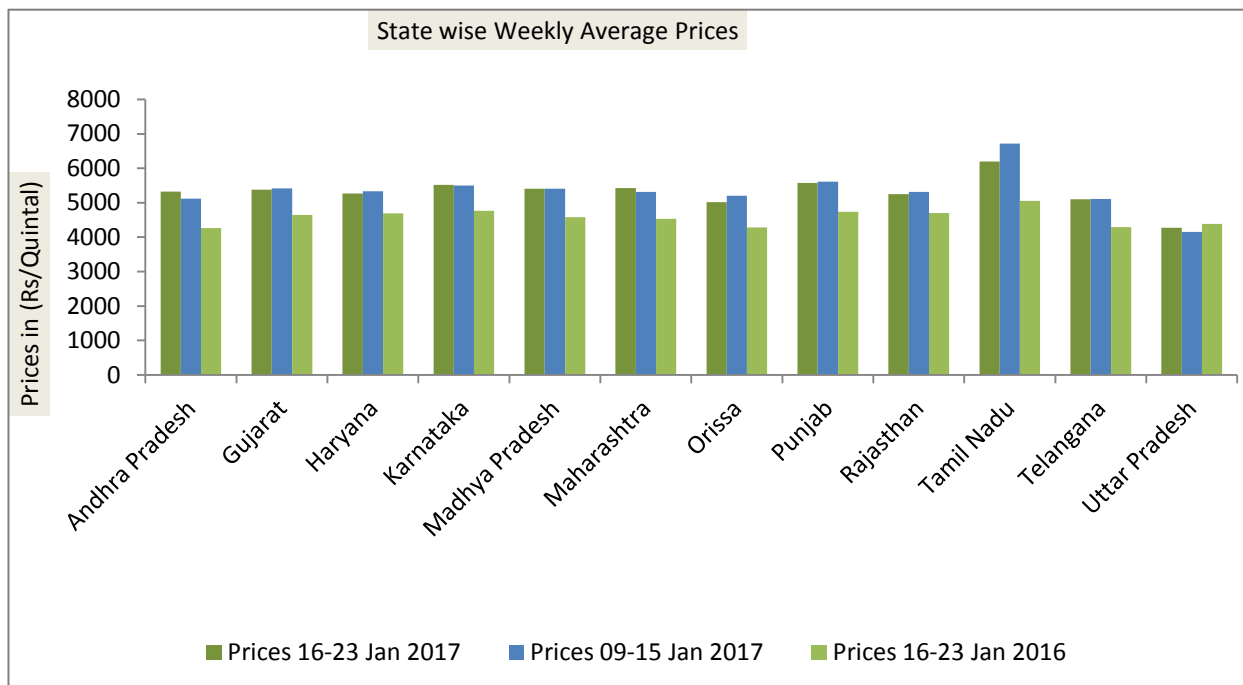


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 81.53 cents/pound, Indian weekly average price stood at 76.99 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 40000-45000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Tamil Nadu followed by Punjab this week and lowest was in Uttar Pradesh



followed by Orissa. On year on year basis, cotton prices are reflecting uptrend in all of the States. Prices have been summarized in the table given in annexure.

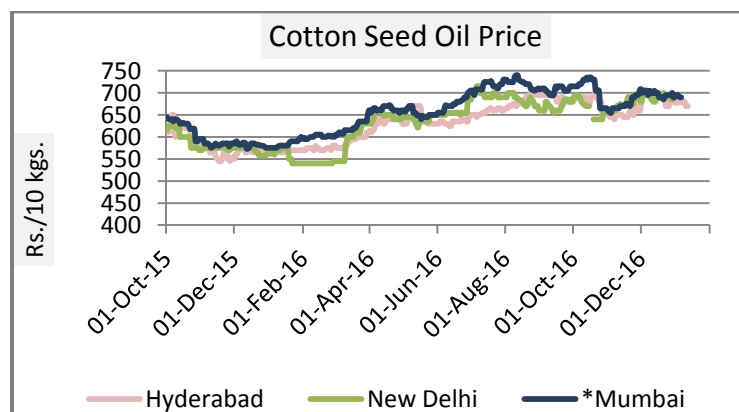
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed mixed tone during the week. Weekly average price in New Delhi remained Rs 700 per 10 Kg, lower compared to the weekly average price of Rs 689 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	19-Jan-17	12-Jan-17	
New Delhi	700	689	1.52
Rajkot	701	688	1.77
Hyderabad	664	675	-1.60
Mumbai*	690	692	-0.29

*Vat Included

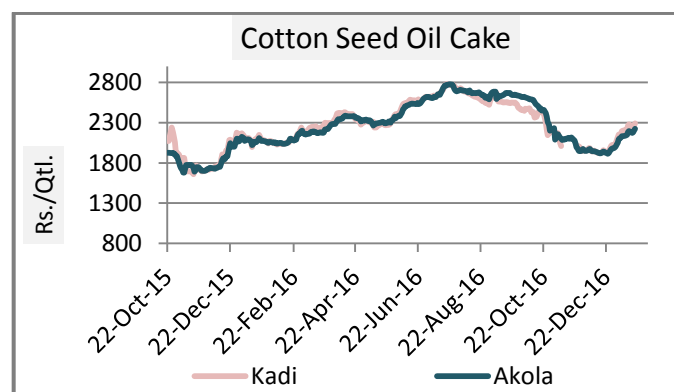


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed positive tone during the week. Weekly average price in Akola remained Rs 2194 per quintal, higher compared to the weekly average price of Rs 2146 per quintal in the previous week.

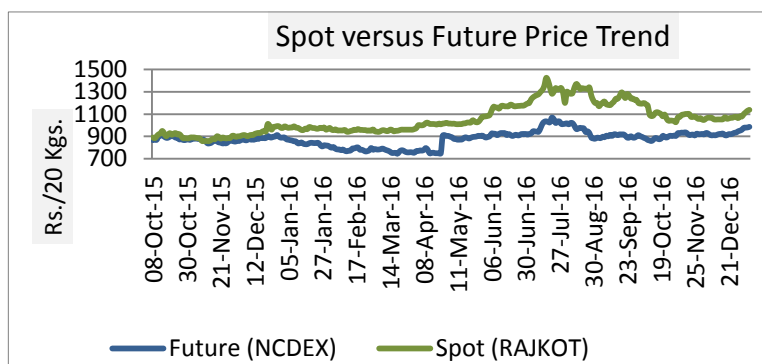
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	19-Jan-17	12-Jan-17	
Kadi	2264	2214	2.25
Akola	2194	2146	2.27

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 1016.50 as on 19 Jan 2017, compared to 1020.50 a week earlier. The gap between the spot and future prices has widened. Average gap between the spot and future price during the week was Rs.188.50 which was Rs 154.40 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(April'17 Contract)



Weekly Technical Outlook:

- Kapas prices noticed firm tone during the week.
- RSI is increasing in the neutral zone.
- MACD signal line and center line denotes bullish crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	1000-1050

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1000	975	1030	1050

Figures in Rs/20 Kg

International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 81.53 cents/pound this week, which was 82.42 cents/pound during last week.

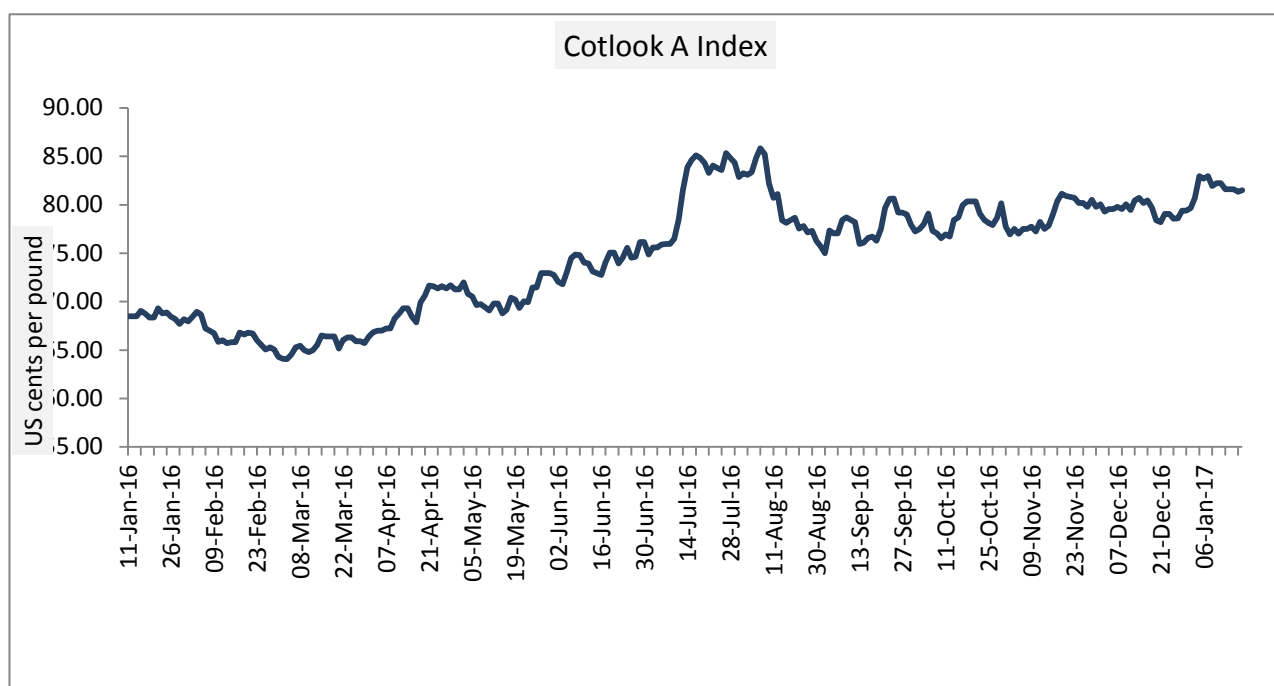
Major Market Highlights: According to the country's agricultural minister, Burkina Faso is likely to produce 750,000 tonnes of raw cotton in the 2016-17 season compared to 600,000 tonnes produced in the previous season. Quality of the crop is reported to be better compared to previous year amid good rainfall. Farmers in the country have resorted to 100 per cent non-GM cotton for the 2016-17 crop.

In the 2016-17 cotton marketing year, US cotton exports are likely to increase by 35 per cent. US market share of world cotton trade is forecast to increase as exports have increased 66 per cent year on year in the first five months of the current marketing year. The higher cotton export growth was mainly due to higher exports to China, Indonesia, Vietnam and other small countries.

According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 104.24 million bales, around 8.07 per cent above last season. World ending stocks are now projected higher at 89.15 million bales. For India, production is forecast at 27.00 million bales, same as previous month's estimates and India's crop is estimated 2.27 per cent above 2015/16.

Cotlook A Index

Cotlook A index remained range bound to firm during the week. Global cotton consumption is likely to be around 24.33 million tons in season 2016-17, which was



estimated to be around 24.39 million tons a month earlier. In the earlier estimates by USDA, consumption was expected to rise and cotton consumption would be standing at around 0.6% higher compared to the previous season.

Cotlook A Index	Weekly Average Price as on		% Change
	19-Jan-17	12-Jan-17	
Prices	81.53	82.42	-1.1
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

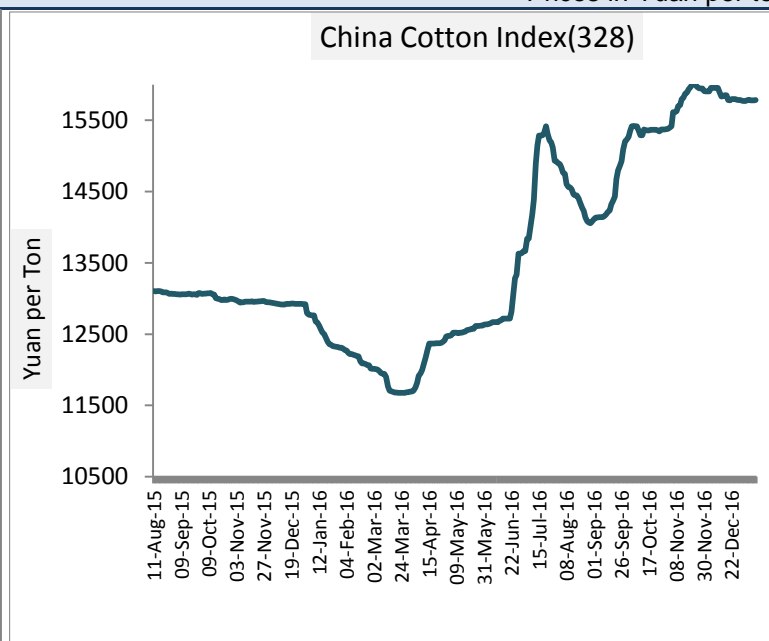
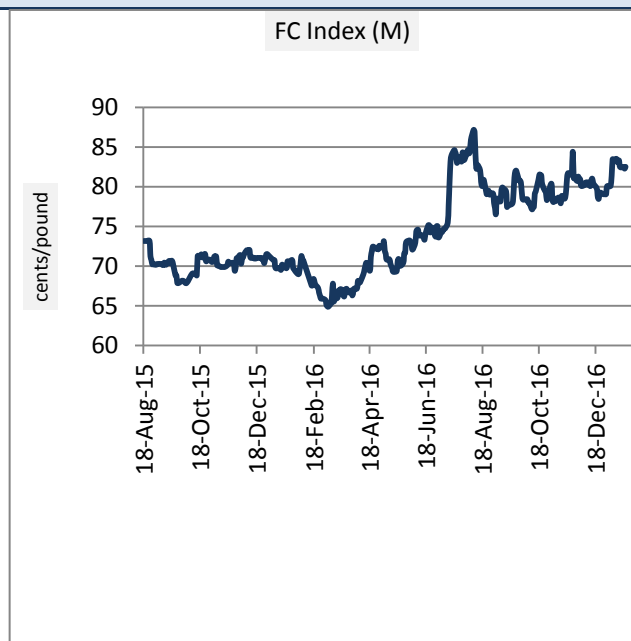
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	19-Jan-17	12-Jan-17	
FC (S)	85.12	86.12	-1.16
FC (M)	82.58	83.29	-0.85
FC (L)	80.86	81.81	-1.16
Prices in US cents per Pound			

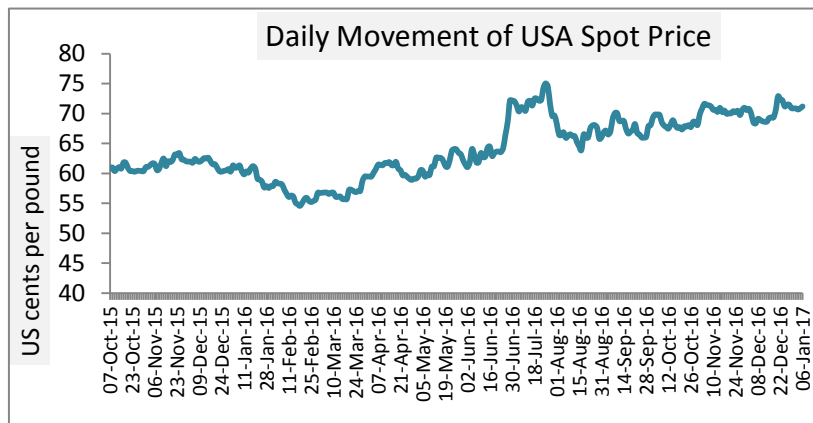
China Index remained weak during the week. CC Index (328) remained 14846 Yuan per ton during the week. Average was 14849 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	19-Jan-17	12-Jan-17	
CCIndex(229)	15783	15776	0.04
CCIndex(328)	14846	14849	-0.02
CCIndex(527)	16130	16122	0.05
Prices in Yuan per ton			



USA Spot Prices

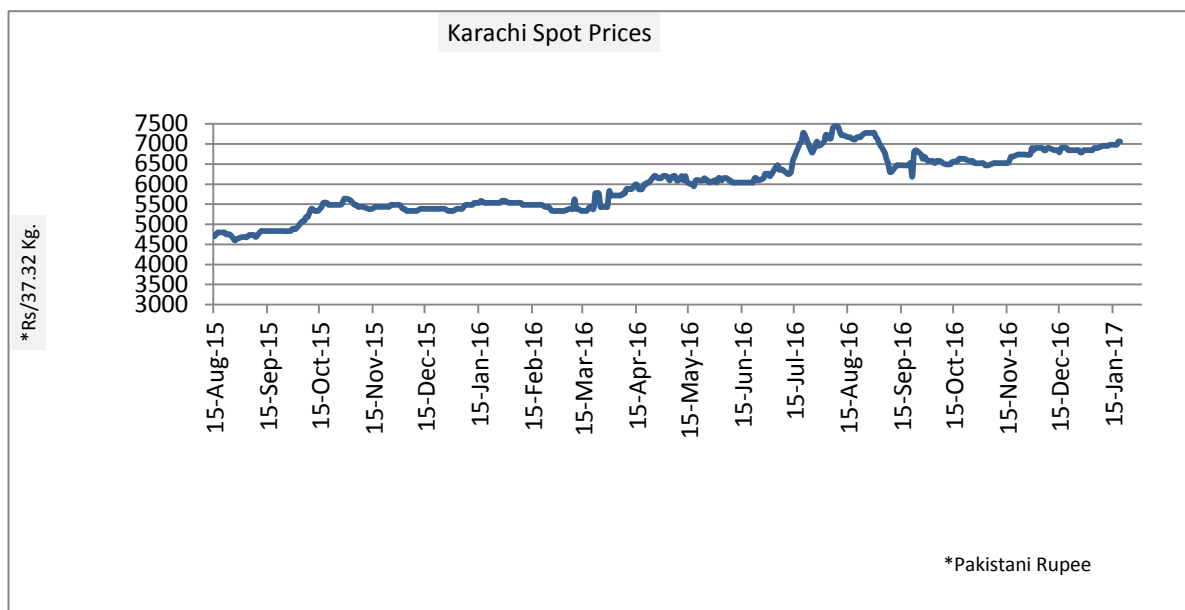
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised up this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.65 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	19-Jan-17	12-Jan-17	
Prices	70.91	71.46	-0.77
Prices in US cents per Pound			

Pakistan Spot Prices

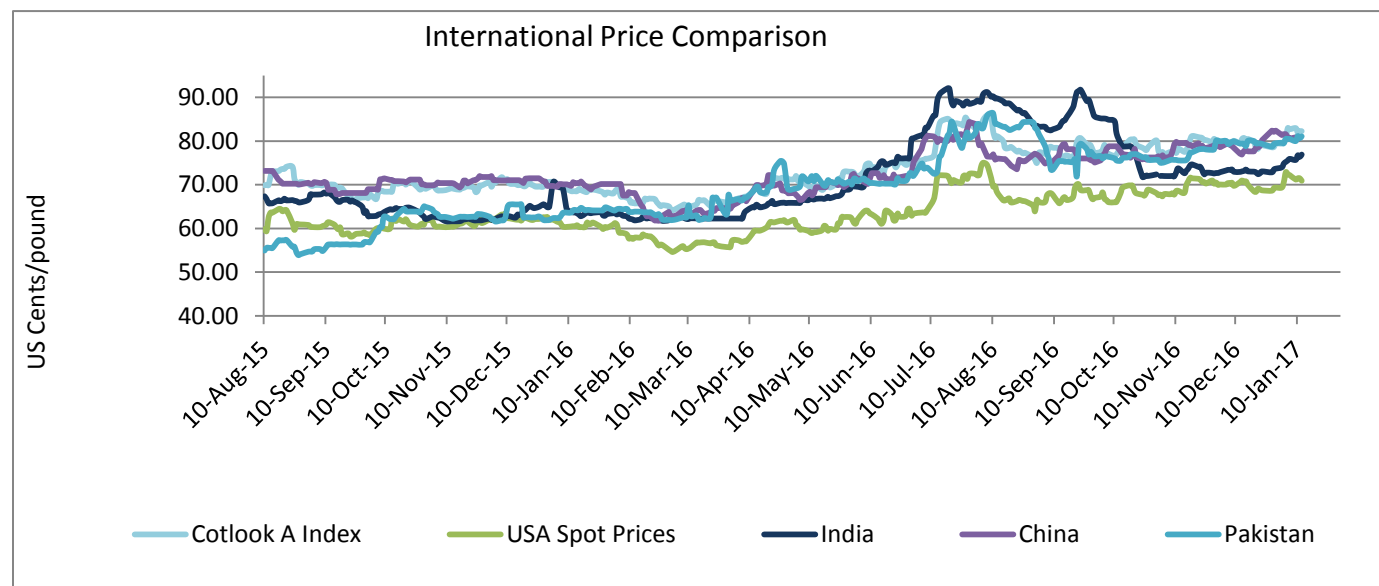
Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016



according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	19-Jan-17	12-Jan-17	
Prices	7009	6939	1.01
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Mar'17 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote weak tone in the prices.
- Volume and Open Interest are increasing.
- We expect cotton prices to remain range bound to firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	71.00-76.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
70.00	68.50	75.00	78.00

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	19-Jan	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	72.69	72.34	69.57	NA	64.60	4.48	NA
May-17	73.26	72.85	70.03	NA	0.57	4.61	NA
Jul-17	73.81	73.38	70.41	NA	0.59	4.83	NA
Oct-17	71.57	71.67	70.03	NA	-0.14	2.20	NA
Dec-17	71.13	71.1	68.85	NA	0.04	3.31	NA
Mar-18	71.26	71.35	68.86	NA	-0.13	3.49	NA

Domestic Cotton Prices and Arrivals at Key Centers
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	14th To 20th Jan.17	07th To 13th Jan.17	
Gujarat	Ahmedabad	Shankar-6	5810	5788	23
	Gondal	Shankar-6	5815	5731	84
	Rajkot	B.T. Cotton	5850	5818	32
	Patan	B.T. Cotton	5741	5655	86
	Kadi	B.T. Cotton	5745	5717	28
	Deesa	B.T. Cotton	5051	5358	-307
	Dhrol	B.T. Cotton	5727	5731	-4
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5897	5817	80
	Bhiwani	Desi	4937	4892	45
	Adampur	B.T. Cotton	5790	5750	40
	Fatehabad	B.T. Cotton	5705	5745	-40
	Jind	B.T. Cotton	5883	5845	38
	Uchana	B.T. Cotton	5844	5791	53
	Dabwali	B.T. Cotton	5746	5640	106
Rajasthan	Hanumangarh	B.T. Cotton	5870	5793	78
	Rawatsar	B.T. Cotton	5618	5704	-86
Madhya Pradesh	Khandwa	Mech-1	5610	5567	43
	Khargaon	Mech-1	5645	5732	-87
Maharashtra	Amravati	Mech-1	5238	5313	-75
	Jamner	Medium Staple	5146	5104	42
Uttar Pradesh	Hathras	B.T. Cotton	4247	4338	-91

	Hathras	Desi	4540	NR	-
Telangana	Adilabad	Un-Ginned	5373	5364	9
Andhra Pradesh	Guntur	Un-Ginned	4200	4150	50
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5897	5764	133
	Hubli	D.C.H.	5950	5872	78
	Hubli	B.T. Cotton	6689	6638	51
	Raichur	H-44 Cotton	5742	5666	76
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	14th To 20th Jan.17	07th To 13th Jan.17	
Punjab	Bhatinda	J-34	4416	4389	27
	Abohar	J-34	4420	4389	31
	Mansa	J-34	4417	4388	30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4352	4328	23
Rajasthan	Sri-Ganganagar	J-34	4562	4054	508

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	14th To 20th Jan.17	07th To 13th Jan.17	
Gujarat	Ahmedabad	Shankar-6	221000	278800	-57800
	Gondal	Shankar-6	5956	13320	-7364
	Rajkot	B.T. Cotton	5250	25925	-20675
	Patan	B.T. Cotton	47122	61020	-13898
	Kadi	B.T. Cotton	140000	225000	-85000
	Deesa	B.T. Cotton	138	177	-39
	Dhrol	B.T. Cotton	1728	3585	-1857
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	9000	19000	-10000
	Bhiwani	Desi	400	900	-500
	Adampur	B.T. Cotton	5270	5610	-340
	Fatehabad	B.T. Cotton	4250	5500	-1250
	Jind	B.T. Cotton	1071	1222	-151

	Uchana	B.T. Cotton	7802	10695	-2893
	Dabwali	B.T. Cotton	6050	5700	350
Rajasthan	Hanumangarh	B.T. Cotton	9000	8800	200
	Rawatsar	B.T. Cotton	4300	6500	-2200
Madhya Pradesh	Khandwa	Mech-1	15500	22150	-6650
	Khargaon	Mech-1	49160	57000	-7840
Maharashtra	Amravati	Mech-1	145000	136000	9000
	Jamner	Medium Staple	1384	1334	50
Uttar Pradesh	Hathras	B.T. Cotton	1275	620	655
	Hathras	Desi	90	NA	-
Telangana	Adilabad	Un-Ginned	35263	61134	-25871
Andhra Pradesh	Guntur	Un-Ginned	875	1445	-570
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	8617	6377	2240
	Hubli	D.C.H.	334	476	-142
	Hubli	B.T. Cotton	18	38	-20
	Raichur	H-44 Cotton	7424	8795	-1371
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	14th To 20th Jan.17	07th To 13th Jan.17	
Punjab	Bhatinda	J-34	23800	31450	-7650
	Abohar	J-34	3570	5100	-1530
	Mansa	J-34	3400	4165	-765
Haryana	Sirsa	J-34	4250	5270	-1020
Rajasthan	Sri-Ganganagar	J-34	6005	6790	-785

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				13th To 19th Jan.17	06th To 12th Jan.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30533	29850	683
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31533	30800	733
J-34(202)	26mm	3.5 - 4.9	23	41067	40733	333
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40550	40383	167
Shankar-6(105)	29mm	3.5 – 4.9	28	41117	40983	133
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41733	41717	17
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42350	42517	-167

DCH-32(107)	34mm	3.0 - 3.8	33	54967	54617	350
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